

(d) The system of sanctions developed under subsection (b) of this section shall include the following:

- (1) Level One – Needs Assistance: When the State Board determines (i) a local school educational agency has been in noncompliance for two years and (ii) that agency needs assistance in implementing the requirements of this Article and IDEA, the State Board shall take one or more of the following actions:
 - a. The Board may direct the local educational agency to allocate additional time and resources for technical assistance and guidance related to areas of noncompliance.
 - b. The Board may impose special conditions on that agency's application for IDEA funds and receipt of State funds.
 - c. The Board may direct how that local educational agency utilizes IDEA and State funds to address the remaining findings of noncompliance. The local educational agency must track the use of these funds to show how the funds are targeted to address areas of noncompliance.
- (2) Level Two – Needs Intervention: If the State Board determines (i) that the local educational agency has been in noncompliance for three years and (ii) that agency needs assistance in implementing this Article and IDEA, the following apply:
 - a. The Board may take any of the actions described in subdivision (1) of this subsection.
 - b. The Board shall withhold, in whole or in part, any further payments of IDEA and State funds to the agency.
 - c. The Board shall require the agency to enter into a compliance agreement.
- (3) Level Three – Needs Substantial Intervention: In addition to the sanctions described in subdivisions (1) and (2) of this subsection, if at any time the State Board determines a local educational agency (i) needs substantial intervention in implementing the requirements of this Article and IDEA, or (ii) has established a substantial failure to comply with this Article and IDEA, the Board shall take one or more of the following actions:
 - a. The Board shall direct the agency to implement a compliance agreement, billed to that agency.
 - b. The Board shall recover IDEA and State funds.
 - c. The Board shall refer the agency for appropriate enforcement under State or federal law.

(e) In addition to the consequences required under subsections (b) and (d) of this section, the State Board shall develop sanctions for local educational agencies that fail to implement a corrective action or hearing decision.

"§ 115C-107.5. Annual reports.

The State Board shall report annually to the Joint Legislative Education Oversight Committee on the implementation of this Article and the educational performance of children with disabilities. Each annual report shall include a copy of the following documents that were submitted, received, or made public during the year: (i) the most recent State performance plan and any amendments to that plan submitted to the Secretary of Education, (ii) compliance and monitoring reports submitted to the